

Keeping up with the cuts

A list of social security and tax credit cuts since the election

There have been so many cuts and ‘reforms’ of working age benefits since 2010 that some are already being forgotten. This briefing lists as many as we have been able to identify: if we have missed out any you know of, please let us know!¹

	Date of change	Reform	Comments	Main losers
1	July 2010	Saving Gateway scrapped	Would have encouraged poorer people to save by adding 50p (up to a maximum of £300) for every £1 they saved in the programme. ²	Low income savers
2	Aug 2010	Govt contributions to Child Trust Fund at age 7 abolished. Contributions at birth were abolished from Jan 2011.	The CTF attempted to reduce inequalities in assets. It is now harder for a low-income family to save for a ‘nest egg’ for their children.	Children
3	Oct 2010	Start of transfer of Incapacity Benefit claimants to Employment and Support Allowance; claimants must take the Work Capability Assessment to qualify. Planned for completion Spring 2014.	In 2013, the Public Accounts Committee found there are too many wrong decisions, and that the WCA may be unfair to people with specific conditions, especially mental health and variable conditions. There are problems managing the contract with Atos. ³	Disabled people
4	Oct 2010	Change to the standard interest rate used to calculate Support for Mortgage Interest to a level based on the Bank of England published average mortgage rate for July 2010. Thereafter, the rate to be changed only when the standard rate and the Bank of England published average mortgage rate differ by at least 0.5%.	The current rate used is 3.63%; previous policy was to freeze the standard interest rate at 6.08% from late 2008 until December 2010. DWP research in 2011 found the old policy was highly effective at preventing repossessions. ⁴ CAB research in 2012 found that the new policy caused an average shortfall between the amount of SMI received and their contractual mortgage interest payment of £135 per month. ⁵	Low income home owners

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5	Jan 2011	Support for Mortgage Interest removed for those on income-based JSA over 2 years.	Introduced as a temporary measure in 2009, now made permanent. DWP research in 2011 found that this policy was now resulting in repossessions. ⁶	Low income home owners
6	Jan 2011	Health in Pregnancy Grant abolished	This Grant addressed the elevated risk of birth defects in babies born to mothers who were malnourished during pregnancy.	Mothers
7	Apr 2011	Uprating of benefits and tax credits changed from the Retail Price Index to the Consumer Price Index.	The RPI is usually higher than the CPI – 0.7 percentage points a year recently, but this may increase to 1.0 points. The policy saved £1.2 billion in 2011/12, rising to £5.8 billion by 2014/15. ⁷ (This policy is also applied to public sector pensions.)	All benefit claimants under pension age
8	Apr 2011	Child Benefit frozen for three years.	The TUC has estimated ⁸ that a family with 2 children will have suffered, by 2015-16, a cumulative loss of more than £1,000.	Children
9	Apr 2011	The second threshold for the family element of Child Tax Credit (at which all entitlement is lost) cut from £50,000 to £40,000.	Cuts number of middle-class families entitled to a small amount of CTC.	Children
10	Apr 2011	Tax credit disregard for in-year increases in income reduced from £25,000 to £10,000. (Reduced again to £5,000 in Apr 2013).	Increases the risk that families whose income changes will face unexpected bills for arrears.	Low paid workers
11	Apr 2011	Tax credit taper raised from 39 to 41 per cent.	Reduces the number of people who qualify and undermines work incentives.	Low paid workers
12	Apr 2011	Working Tax Credit basic and 30 hours elements frozen for 3 years.	Estimated to cost a typical low-paid family with two children more than £200. ⁹	Low paid workers
13	Apr 2011	Child Tax Credit baby element abolished.	Worth £545 to families with a child under one.	Mothers and babies
14	Apr 2011	Childcare element of Working Tax Credit cut from 80 to 70 per cent of eligible costs.	Childcare costs are currently rising at double the rate of inflation generally. ¹⁰	Low paid working parents
15	Apr 2011	Sure Start Maternity Grant abolished for second and subsequent children	Costing low income mothers £500; this measure is very likely to hit poorer families the hardest. ¹¹	Mothers and babies
16	Apr 2011	Freeze of Housing Benefit ¹² non-dependent deductions ended (now to be uprated in line with prices)	CABx point out that “non payment by the non-dependant is common, meaning that they are a frequent cause of rent arrears, as well as family tension and pressure on non-dependants to move out of the family home.” ¹³	Families at risk of breaking up
17	Apr 2011	Housing Benefit Local Housing Allowance (LHA): caps on maximum rates for each property size, with 4-bed limit from 2011-12	The government’s Equality Impact Assessment accepted that this was likely to affect some minority ethnic groups disproportionately. ¹⁴	Large families
18	Oct 2011	Income Support abolished for lone parents with youngest child aged over 5 (new claims - existing claimants transferred in Apr 2012.)	Affected 100,000 lone parents at a time when there were very few jobs for them to move into. ¹⁵	Lone parents
19	Jan 2012	LHA set at 30 th percentile of local rents (previously at 50 th) and capped at a maximum in cash terms.	This measure was expected to cost those tenants affected about £5 a week. ¹⁶	Tenants

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20	Jan 2012	Housing Benefit shared room rate extended from to under-35s.	When HB for under-25s was limited to the rent that would be paid in shared accommodation, this was justified as being normal for 'young people'; hard to justify for those in their 30s.	Low-income people under 35
21	Apr 2012	Abolition of the 50 plus element of Working Tax Credit	Being aged over 50 was also removed as a route to WTC eligibility.	Older workers
22	Apr 2012	Increase in the number of hours that a couple with children must work to qualify for WTC from 16 to 24 hours with one partner working a minimum of 16 hours.	Research by USDAW found that very few workers affected would be able to increase the hours they worked to remain eligible for WTC. ¹⁷ HMRC statistics showed that over 200,000 families may have been affected. ¹⁸	Low paid workers
23	Apr 2012	Backdating of tax credits reduced from 3 months to 1 month.	CPAG commented this "may be particularly important for new parents making their first claim for tax credits. If they wait until they have registered the birth, claimed child benefit and heard back, it is very likely that they will have missed out on tax credits." ¹⁹	New parents
24	Apr 2012	£2,500 tax credit disregard introduced for in-year <i>falls</i> in income.	A family's income has to fall by more than this before their tax credit is revised upwards. Can cost low-income families up to £1,025. ²⁰	Low paid workers
25	Apr 2012	Abolition of the Child Tax Credit supplement for children aged one and two	Planned by the previous government for April 2012, but abandoned by the current government.	Mothers and toddlers
26	Apr 2012	Family element of Child Tax Credit to be withdrawn immediately after child element	Together with the reduction in the second income threshold to £40,000, this drastically reduces the numbers who qualify for CTC.	Low paid workers
27	Apr 2012	Abolition of 'youth' Employment and Support Allowance.	This allowed people disabled in childhood to qualify for contribution-based ESA without having paid National Insurance Contributions. The government impact assessment indicated that 7-8,000 disabled people, a majority with mental and behavioural impairments, would lose some or all of their benefit. ²¹	Disabled people
28	Jan 2013	Introduction of the High Income Child Benefit Charge.	Where a member of the family has an individual income is over £50,000 it is tapered away; over £60,000, the entitlement is zero.	Higher paid mothers
29	Apr 2013	Universal Credit introduced in first pilot district; phased extension across the country from October 2013	Mixture of winners and losers. Very severe impact for disabled people (who can be more than £3,000 a year worse off) and two-earner families. ²² Recent research shows that UC can be beneficial for people who move into part-time work, but workers who increase their hours beyond this may see very little benefit. ²³	Disabled people and two-earner families
30	Apr 2013	Abolition of disabled worker element of Working Tax Credit with transition to Universal Credit	Costs disabled workers more than £50 a week. ²⁴	Disabled people
31	Apr 2013	Introduction of the Bedroom Tax ²⁵	Reduced benefit for those deemed to be occupying a dwelling with more bedrooms than they need. Will affect 660,000 families, 31 per cent of all working age families in the social rented sector. ²⁶	Tenants

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32	Apr 2013	Introduction of the Benefit Cap	The total amount of benefits awarded to working age families capped at £500 per week for lone parents and couples, £350 per week for single adults. Hits families with 3 or more children especially hard. ²⁷ 74 per cent of the individuals affected are children.	Children
33	Apr 2013	Contributory Employment and Support Allowance cut to maximum of one year for work-related activity group	Expected to lead to 280,000 people losing eligibility. ²⁸	Disabled people
34	Apr 2013	1 per cent maximum uprating of non-pension benefits for three years, whatever the CPI rate of inflation	Welfare Benefits Uprating Act – the government has admitted that this will force an extra 200,000 children into poverty. ²⁹	Low income families
35	Apr 2013	Housing Benefit Local Housing Allowance uprated by CPI regardless of local rent levels	Crisis point out that “there is a real danger that if the link between actual rents and LHA is not maintained (and indeed if LHA increases are capped at just 1%), that many areas of the country will quickly become unaffordable to those in receipt of benefits” ³⁰	Tenants
36	Apr 2013	Personal Independence Payment replaces Disability Living Allowance for new claimants. Eventually to be spread to existing DLA claimants.	Will hit those disabled people with less severe impairments but high expenses particularly hard. ³¹ The government expects 510,000 claimants to be better off, 270,000 to be entitled to the same amount, but 510,000 will be worse off, and 450,000 will lose all entitlement. ³²	Disabled people
37	Apr 2013	“Localisation” of Council Tax Benefit	CTB has been replaced by less generous schemes designed by local authorities that the government sometimes refers to as ‘Council Tax Reduction’. There is a central government grant set at 10% less than was provided for CTB.	Low income families
38	Apr 2013	Abolition of the Social Fund	Crisis Loans replaced by advance payments of benefits and Budgeting Loans with Budgeting Advances. Other aspects replaced by ‘Local Welfare Provision’. There is no obligation on Councils to provide this and no ring-fencing.	Very low income families
39	Apr 2014	Universal Credit work allowances (disregards) frozen for 3 years	Announced in 2013 autumn statement; will erode real terms value of UC.	Low-paid workers
40	Apr 2015	Introduction of a nominal cap to Annual Managed Expenditure	Annually Managed Expenditure is not, in fact, out of control. ³³	All benefit claimants
41	Apr 2015	More frequent signing on for claimants of JSA and Universal Credit	Resources for Jobcentre Plus are being cut, leading to obvious questions about where the organisation will find the thousands of extra staff needed.	Unemployed people
42	Apr 2015	Introduce seven waiting days for UC claimants (extended to include JSA claimants in 2013 autumn statement).	Universal Credit brings together all cash benefits, so a delay in UC means a delay in all payments. ³⁴	Low paid workers
43	Apr 2015	Ceasing tax credit payment when, due to a change in circumstances, a claimant has already received their annual entitlement.	Recipients would otherwise benefit from the disregard.	Low-paid workers

Notes

¹ It is limited to changes introduced by the Westminster Parliament, so it covers changes that have been UK- or GB-wide and those that affect the whole of England but it does not cover reforms introduced by the Scottish Parliament or the Welsh or Northern Ireland Assemblies. Nor does it cover changes introduced by English local authorities, including those brought in as a consequence of policy being 'localised' by the UK government. In addition, it does not cover new or reformed labour market programmes, including those with benefit implications (such as being enforced by benefit sanctions), changes to education, social care, the NHS, or the War Pensions Scheme. It does not cover pensions, but does cover other benefits retired people may claim.

² <http://www.bristol.ac.uk/geography/research/pfrc/themes/finexc/pfrc1308.pdf>

³ <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpublic/744/74404.htm>

⁴ <http://www.york.ac.uk/media/chp/documents/2011/SMI2.pdf>

⁵ www.citizensadvice.org.uk/falling_short_final.pdf

⁶ <http://www.york.ac.uk/media/chp/documents/2011/SMI2.pdf>

⁷ www.parliament.uk/briefing-papers/SN05830.pdf

⁸ <http://www.tuc.org.uk/tucfiles/501.pdf>

⁹ <http://www.leftfootforward.org/2010/10/vince-cable-tax-credits/>

¹⁰ <http://www.daycaretrust.org.uk/pages/childcare-costs-surveys.html>

¹¹ <http://www.tuc.org.uk/social/tuc-19034-f0.pdf>

¹² There is a very good Commons Library briefing on 'Measures to Reduce Housing Benefit Expenditure' - www.parliament.uk/briefing-papers/SN05638.pdf

¹³ http://www.citizensadvice.org.uk/citizens_advice_response_to_budget_and_csr_nov_2010.pdf

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220241/lha-and-carers-eia.pdf

¹⁵ <http://www.gingerbread.org.uk/uploads/media/17/7614.pdf>

¹⁶ <http://www.parliament.uk/documents/impact-assessments/IA11-040H.pdf>

¹⁷ <http://www.usdaw.org.uk/newsevents/news/2012/mar/primeministerandchancellor.aspx>

¹⁸ <http://webarchive.nationalarchives.gov.uk/+http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtc-main-apr12.pdf>

¹⁹ http://www.cpag.org.uk/content/tax-credits-truth-rarely-pure-and-never-simple#footnote6_udzjfmh

²⁰ <http://www.family-action.org.uk/uploads/documents/parents%20with%20new%20children.pdf>

²¹ <http://www.parliament.uk/documents/impact-assessments/IA11-022AZ.pdf>

²² <http://www.tuc.org.uk/tucfiles/586/TUCcpag-report.pdf>

²³ <http://www.jrf.org.uk/sites/files/jrf/universal-credit-income-standards-summary.pdf>

²⁴ <http://touchstoneblog.org.uk/2013/05/universal-credit-is-not-going-to-be-the-coalitions-poverty-fig-leaf>

²⁵ Note that the government dropped plans from Apr 2013 to restrict Housing Benefit to 90 per cent of the full award after one year for JSA claimants.

²⁶ <http://touchstoneblog.org.uk/2013/02/the-bedroom-tax>

²⁷ <http://www.politics.co.uk/comment-analysis/2013/04/18/comment-benefit-cap-will-drive-more-children-into-poverty>

²⁸ www.parliament.uk/briefing-papers/SN05853.pdf

²⁹ <http://touchstoneblog.org.uk/2013/01/1-uprating-an-extra-200000-children-in-poverty>

³⁰

<http://www.crisis.org.uk/data/files/publications/Crisis%20briefing%20for%20the%202nd%20reading%20of%20the%20Welfare%20Uprating%20Bill.pdf>

³¹ <http://www.tuc.org.uk/extras/tucdlasubmission.pdf>

³² <http://touchstoneblog.org.uk/2013/01/the-latest-assault-on-disabled-peoples-benefits>

³³ <http://touchstoneblog.org.uk/2013/06/the-welfare-cap-a-political-gimmick-with-very-real-risks>

³⁴ <http://touchstoneblog.org.uk/2013/06/seven-days-wait-for-family-and-housing-benefits-for-unemployed-claimants>